Office-Supreme Court, U.S.
FILED
FEB 14 1962
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IN THE

Supreme Court of the United States

OCTOBER TERM, 1961.

No. 726

JOHN M. SHUBIN and PORTER S. SHUBIN,

Petitioners,

THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA, CENTRAL DIVISION,

Respondent,

THE HONORABLE WILLIAM M. BYRNE, Judge of the United States District Court for the Southern District of California, Central Division,

Respondent,

and

S. VINCEN BOWLES, INC.,

Respondent.

Motion for Leave to File Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

and

Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1961.

No. .....

JOHN M. SHUBIN and PETER S. SHUBIN,

Petitioners,

vs.

THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA, CENTRAL DIVISION,

Respondent,

THE HONORABLE WILLIAM M. BYRNE, Judge of the United States District Court for the Southern District of California, Central Division,

Respondent,

and

S. VINCEN BOWLES, INC.,

Respondent.

Motion for Leave to File Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

To the Honorable, the Chief Justice and Associate Justices of the United States Supreme Court:

John M. Shubin and Peter S. Shubin, individuals, respectfully file this motion for leave to file with this Honorable Court their petition for writ of certiorari to the United States Court of Appeals for the Ninth Circuit.

Dated: February 13, 1962.

Respectfully submitted,

WILLIAM DOUGLAS SELLERS,
Attorney for Petitioners John M. Shubin and Peter S. Shubin.

IN THE

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OCTOBER TERM, 1960

No. .....

JOHN M. SHUBIN and PETER S. SHUBIN,
Petitioners,

vs.

THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA, CENTRAL DIVISION,
Respondent.

THE HONORABLE WILLIAM M. BYRNE, Judge of the United States District Court for the Southern District of California, Central Division,
Respondent,

and

S. VINCEN BOWLES, INC.,
Respondent.

Petition for Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

John M. Shubin and Peter S. Shubin respectfully pray that a writ of certiorari issue to review the order of the United States Court of Appeals for the Ninth Circuit, dated and entered December 29, 1961, denying to petitioners the righ to a jury trial.

Opinions Below.

The District Court did not write an opinion but its order granting the plaintiff's motion to strike defendants' demand for a jury trial was filed September 25, 1961, and is found at Appendix pages 56, 57 of the Petition for Writ of Mandamus to the Court of Appeals.

The opinion of the Court of Appeals (Appx. 1-3) is reported at ..... F. 2d ....., 132 U. S. P. Q. 122.

Jurisdiction.

The District Court had jurisdiction under the patent laws of the United States and more particularly under 35 U. S. C. 281; under 28 U. S. C. 1338(a), 2201 and 2202.

The jurisdiction of the Court of Appeals was invoked under the provisions of 28 U. S. C. A. 1651(a) as approved in *Ex parte Simons*, 247 U. S. 231, 38 S. Ct. 497, 62 L. Ed. 1094, and in *Beacon Theatres v. Westover et al.* (U. S. Sup. Ct. 1959), 359 U. S. 500, 79 S. Ct. 948.

The order of the Court of Appeals (Pet. for Mandamus, App. pp. 64-66) denying the Petition for Writ of Mandamus or for other Writ or Relief was dated and entered on December 29, 1961.

Petitioners' Request for Rehearing was duly filed and was denied January 17, 1962 (Pet. for Mandamus, App. pp. 67-80).

There has been no order granting an extension of time within which to petition for certiorari and none has been requested.

The jurisdiction of this Court is invoked under 28 U. S. C. A. Sec. 1254(1) and on the ground that the United States Court of Appeals for the Ninth Circuit by its order affirming the order of the District Court effectively denying petitioners the right to a jury trial has decided an important question of federal law which has not been, but should be, settled by this Court, which decision is in direct conflict with an applicable decision of the United States Court of Appeals for the Fifth Circuit involving the same basic principle of law.

The Questions Presented.

The basic questions raised are as follows:

1. Is a party entitled to a jury trial in the United States District Court in an action in which the complaint and answer raise only jury issues, but a counterclaim raising the same issues seeks equitable relief?

2. Have the District Court and the Court of Appeals followed the law as established by this Court in *Beacon Theatres, Inc. v. The Honorable Harry C. Westover, Judge of the United States District Court of the Southern District of California, Central Division, et al.* (S. Ct. 1959), 359 U. S. 500, 79 S. Ct. 948, in denying petitioners' right to a jury trial as to the issues of an original complaint and answer because combined with a counterclaim seeking equitable relief?

3. Whether the decision of the Court of Appeals in this case is not in conflict with the decision of the Circuit Court of Appeals for the Fifth Circuit in *Thermo-Stitch, Inc. v. Chemi-Cord Processing Corporation, et al.* (decided September 15, 1961), 294 F. 2d 486, 131 U. S. P. Q. 1.

4. Does the District Court violate judicial discretion and deprive petitioners of due process of law by (1) refusing to grant leave to file an amended counterclaim which eliminates prayers for equitable relief in the absence of irreparable harm and the presence of adequate legal remedy, and (2) using the presence of these prayers for equitable relief to justify the striking of a demand for jury trial?

Constitutional Provisions, Statutes and Rules Involved.

The following Constitutional Provisions, Statutes and Rules are involved:

United States Constitution, Amendment 7;

28 U. S. C. 1338(a), 2201;

28 U. S. C. 2072;

Rules 1, 2, 13, 18, 38, 39(a), 57 of the Federal Rules of Civil Procedure;

Rule 15 of the Federal Rules of Civil Procedure.

Statement of the Case.

John M. Shubin and Peter S. Shubin, petitioners here and defendants-counterclaimants in the District Court, hereinafter called Shubins, are the owners of United States Letters Patent 2,961,105 directed to a rubbish truck incorporating novel loading mechanism. Respondent S. Vincen Bowles, Inc., plaintiff in the District Court, hereinafter called Bowles, prior to the filing of the complaint made and sold trucks which were viewed by Shubins to comprise infringements. Notification of infringement was given. Without waiting to be sued, Bowles filed a complaint (Pet. for Mandamus, App. p. 3) seeking declaratory relief.

The complaint set forth the alleged controversy between the parties, alleged that the respondent did not infringe, that the patent was invalid, and sought declaratory relief in the form of a judgment that the patent was invalid and unenforceable and that the respondent did not infringe.

By their answer (Pet. for Mandamus, App. p. 11) Shubins only denied the allegations of the complaint, raised no new issues and prayed that the complaint be

dismissed, for costs, and for reasonable attorneys fees. A jury trial was demanded.

It was not known at the time the answer was filed that Bowles was discontinuing infringement and a counterclaim (Pet. for Mandamus, App. p. 12) was filed with the answer alleging infringement, praying for an injunction, for an accounting, and for treble damages.

The Bowles reply (Pet. for Mandamus, App. p. 13) to the counterclaim alleged that Shubins should take nothing thereby.

By the original complaint and answer the issues of validity and patent infringement were raised and were proper for a jury trial. A jury was demanded. By the compulsory counterclaim filed concurrently with the answer, and by the reply thereto, the same issues of patent validity and infringement were raised. Equitable relief was sought by the counterclaim.

Bowles, in an effort to avoid a jury trial upon the jury issues raised by the complaint and by the answer, moved (Pet. for Mandamus, App. p. 22) to strike Shubins' demand for jury trial.

Shubins, having learned that Bowles had discontinued infringing and had not sold any infringing devices since the institution of suit, recognized that an accounting was not necessary and that an injunction also would be unnecessary.

Accordingly, Shubins for purposes of simplifying the suit and also to eliminate any contention that the demand for a jury trial upon the issues raised by the complaint and the answer should not be recognized, moved the court by their "Motion for Leave to File Amended Counterclaim" (Pet. for Mandamus,

App. p. 38) for leave to file an amended counterclaim only.

No permission to amend the answer was requested and no amendment thereto was made.

With their motion for leave to file an amended counterclaim, the Shubins filed a clean copy of the original answer with the proposed amended counterclaim. The original answer (Pet. for Mandamus, App. p. 11) and the retyping thereof (Pet. for Mandamus, App. p. 35) are identical, word for word. The original answer and the answer as retyped are arranged in side-by-side relationship at Appendix pages 12-13 of this Petition for ease of comparison. The proposed amended counterclaim eliminated all prayers for equitable relief.

The District Court heard the Shubin Motion for Leave to File Amended Counterclaim and the Bowles Motion to Strike Demand for Jury Trial on July 27, 1961, denying the former and granting the latter (Pet. for Mandamus, App. p. 56).

Shubins, believing they were being forced to seek relief they did not need or want, and that they were being wrongfully denied a jury trial on the issues raised by the original complaint and answer, petitioned the Court of Appeals for the Ninth Circuit. That petition, copies of which are now on file with this Court, sought the issuance of an order vacating the District Court order of July 27, 1961, and such other and further relief as to the court appeared proper.

The Court of Appeals denied the petition, its order appearing at Appendix pages 1-3 and at pages 64 to 66 of the Appendix to the Petition for Mandamus.

The Shubin request for rehearing was denied on January 11, 1962 (Pet. for Mandamus, App. p. 81).

Summary of Argument.

1. The right to trial by jury is to be denied only under "imperative circumstances" not found in the present case.

2. The issues of validity and of infringement are jury issues.

3. The denial by the District Court of the Shubins' right to a jury trial was error under the law as laid down in *Beacon Theatres, Inc., Petitioner, v. The Hon. Harry C. Westover, Judge of the United States District Court of the Southern District of California, Central Division* (U. S. Supreme Court, 1959), 359 U. S. 500, 79 S. Ct. 948.

4. The decision of the Court of Appeals conflicts with the *Thermo Stitch* case of the Fifth Circuit, *Thermo-Stitch, Inc. v. Chemi-Cord Processing Corporation, et al.* (C. A. 5, 1961), 294 F. 2d 486, 131 U. S. P. Q. 1.

5. In the federal courts equity acts only when legal remedies are inadequate and for the court to insist that equitable remedies be sought when not needed for the purpose of supporting a dismissal of a timely demand for a jury trial is an abuse of judicial discretion.

ARGUMENT.

The Right to Trial by Jury Should Be Denied Only Under "Imperative Circumstances."

Rule 1 of the Federal Rules of Civil Procedure (App. p. 4) provides that the rules shall govern as to all civil suits with exceptions not applicable here. Those rules were adopted by the Supreme Court under the provisions of 28 U. S. C. 2072 (App. pp. 10-11) which specifically provides in the second paragraph that they "shall preserve the right of trial by jury as at common law and as declared by the Seventh Amendment to the Constitution".

F. R. C. P. 2 (App. p. 4) provides that there shall be only one form of action, a "civil action", which encompasses both actions at law and at equity.

F. R. C. P. 13 (App. pp. 4-6) provides at 13(a) that a party "shall state as a counterclaim any claim which at the time of serving the pleading the pleader has against any opposing party, if it arises out of the transaction or occurrence that is the subject matter of the opposing party's claim." Here the subject matter of the counterclaim and the complaint was identical.

It cannot be contended that the petitioners-defendants intentionally waived their right to a trial by jury as to issues arising from the complaint and answer by virtue of having filed a counterclaim in view of F. R. C. P. 13 which makes it compulsory that any claim arising "out of the transaction or occurrence that is the subject matter of the opposing party's claim and does not require for its adjudication the presence of third par-

ties of whom the court cannot acquire jurisdiction" must be pleaded. Petitioners-defendants had no election. They were compelled to file their counterclaim and, being compelled, it cannot be said they elected to waive trial by jury.

The disenting opinion in the *Beacon Theatres* case recognized this and in the following words:

> ". . . since Beacon's counterclaim was compulsory under the Rules, see Rule 13(a), it is apparent that by filing it Beacon could not be held to have waived its jury rights." (359 U. S. 500, 519; 79 S. Ct. 948, 961.)

F. R. C. P. 38 (App. pp. 8-9) provides at (a) that the right of trial by jury "as declared by the Seventh Amendment to the Constitution (App. p. 1) or as given by a statute of the United States shall be preserved to the parties inviolate" and at (b) the demand for a jury trial may be made "not later than 10 days after the service of the last pleading directed to such issue" and "may be indorsed upon a pleading". Here the demand was indorsed upon the answer and counterclaim when filed.

F. R. C. P. 39 (App. p. 9) provides at (a) that when a jury trial has been demanded, the trial of all issues so demanded "shall be by jury" unless (1) the parties stipulate or agree in open court to a court trial, or (2) that the court upon motion or upon its own initiative finds that a right of trial by jury of some or all of those issues does not exist under the Constitution or statutes of the United States.

The right of a litigant in a federal court to trial by jury unless waived by the party was recognized in

Scott v. Neely (S. Ct. 1890), 140 U. S. 106, 11 S. Ct. 714, 35 L. Ed. 358.

In the present case there was no stipulation, no agreement in open court, and the court made no finding that the issues of the complaint and answer were not suitable for a jury trial.

In the present case the complaint and answer, on the one hand, and the counterclaim and reply, on the other, raised identical issues of patent infringement and patent validity. The complaint sought a declaratory judgment under 28 U. S. C. 1338(a), 2201 (App. pp. 10, 11) but as stated by this Court in the *Beacon Theatres* case the Declaratory Judgment Act "specifically preserves the right to a jury trial to both parties". F. R. C. P. 57 specifically so states (App. pp. 9-10).

Just what were the "imperative circumstances" (a requirement laid down by this Court in the *Beacon Theatres* case, 359 U. S. 500, 510, 511, 79 S. Ct. 948, 957) which existed in the present case?

Those "imperative circumstances" comprised the fact that the counterclaim sought an accounting and an injunction in the event of a decision favorable to the defendants upon the identical issues raised by the complaint and answer.

Those "imperative circumstances" fell far short of being "imperative" particularly in view of the fact that defendants sought leave to file an amended counterclaim which eliminated entirely all request for equitable relief but were denied that leave by the District Court solely to buttress the denial of the right to a jury trial and in the face of the complete lack or irreparable harm and injury which alone justifies equitable relief

in the Federal Courts (see *Beacon Theatres* case, 359 U. S. 500, 506, 507, 79 S. Ct. 948, 957).

But even accepting the unwarranted denial of the leave to file an amended counterclaim and considering the posture of the case as though no amended counterclaim had ever been proposed, there are no imperative circumstances. This Court said in *Beacon Theatres:*

> ". . . whatever permanent injunctive relief Fox might be entitled to on the basis of the decision in this case could, of course, be given by the court after the jury renders its verdict."

The Issues of Validity and of Infringement Are Jury Issues.

A "jury issue" is defined as an issue suitable for trial by jury. Traditionally the role of the jury has been to find the facts.

In *Graver Mfg. Co. v. Linde,* 336 U. S. 271, 275 (1946), this Court said:

> ". . . We are now asked to hold that there has been no such inv tion.
>
> "Rule 52(a) of the Federal Rules of Civil Procedure provides in part: 'Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses.' To no type of case is this last clause more appropriately applicable than to the one before us, where the evidence is largely the testimony of experts as to which the trial court may be enlightened by scientific demonstrations."

Certainly it cannot be denied that the question of validity or invention inherently involves questions of fact.

This Court's decisions in the patent field early laid down the judicial approach to the jury function in patent cases. In *Battin v. Taggert*, 17 How. 74, 85, 15 L. Ed. 37, 41 (1854), the trial court had directed a verdict for the alleged infringer on the basis of patent invalidity. Reversing, this Court stated:

> "This . . . took from the jury, facts which it was their province to examine and determine. It was the right of the jury to determine from the facts in the case whether the specifications, including the claim, were so precise as to enable any person skilled in the structure of machines, to make the one described. This the statute required, and of this the jury are to judge.
>
> "The jury are also to judge of the novelty of the invention, and whether the renewed patent is for the same invention as the original patent; and they are to determine whether the invention has been abandoned to the public. There are other questions of fact which come within the province of a jury, such as the identity of the machine used by the defendant with that of the plaintiff or whether they have been constructed and act on the same principle."

In similar vein, and parallel to the instant case, is *Keyes v. Grant*, 118 U. S. 25, 30, 30 L. Ed. 54, 58 (1886), where in an action for infringement of an improvement in furnaces for smelting, the defense claimed anticipation by a machine described in an earlier publication. There were differences in the machines

and their arrangements and experts disagreed as to whether these differences were material to the result and whether any improvement in plaintiff's machine was the result of invention. Reversing a directed verdict for defendant, this Court held that:

> "Clearly it was not a matter of law that the specifications of the plaintiff's patent, and the publication of Karsten, taken in connection with the drawings, . . . described the same thing . . . this was a question of fact properly to be left for determination to the jury, under suitable instructions. . . ."

So too in *Bishoff v. Wethered*, 76 U. S. 812, 19 L. Ed. 829 (1869), the Court held that the trial court could not instruct the jury as a matter of law that the specifications of a patent in issue compared with those of an alleged prior art patent, but that whether or not they did compare was a matter to be determined by the jury on all the evidence. To the same effect see *Turril v. Michigan Sout. rn & N. I. R. Co.*, 68 U. S. 491, 17 L. Ed. 668 (1863). So too in *Thompson Spot Welder Co. v. Ford Motor Co.*, 265 U. S. 445, 68 L. Ed. 1098 (1924), the Court held that the question whether an improvement requires mere mechanical skill or the exercise of the faculty of invention is one of fact, and in an action at law for infringement is to be left to the determination of the jury.

Earlier lower court decisions are to the same effect.

In *Hunt Bros. Fruit Packing Co. v. Cassidy*, 53 Fed. 257 (C. A. 3, 1892), the court held that whether there was infringement of a patent for fruit dryers and whether the use of a particular device therein was

known at the time of plaintiff's application, were questions of fact to be left to the jury. In *Carver v. Braintree Mfg. Co.*, Fed. Case No. 2,485, 2 Story 432 (C. C. Mass. 1843), the court held that objections that a patent invention is old, or that the original and the renewed patent are not for the same invention or that either were obtained with a fraudulent intent, all involve matters of fact, and are for the jury to decide. To the same effect see *Poppenhusen v. Falke*, Fed. Case No. 11,279 (C. C. N. Y., 1861), holding that whether a reissued patent is for the same invention as the original, is a question of fact for the jury. See also *Foote v. Selsby*, Fed. Case No. 4,916 (C. C. N. Y., 1849), aff'd 55 U. S. 218; *Washburn v. Gould*, Fed. Case No. 17,214, 3 Story 122 (C. C. Mass., 1844).

The following cases have held the question of validity is a question of fact or involves questions of fact:

First Circuit—*Lincoln Stones Inc. v. Nashua Mfg. Co.* (1946), 157 F. 2d 154.

Second Circuit—*Schering Corp. v. Gilbert* (1946), 153 F. 2d 428.

Third Circuit—*Zephyr American Corp. v. Bates Mfg. Co.* (1942), 128 F. 2d 380;

Cusano v. Kotler (1947), 159 F. 2d 159;

Galion v. Budd Mfg. (1948), 169 F. 2d 72;

Sutherland Paper v. Grant Paper (1950), 183 F. 2d 926.

Sixth Circuit—*O'Leary v. Liggett Drug* (1945), 150 F. 2d 656;

Rector Dickinson v. R. P. Scherer (1954), 211 F. 2d 835.

Seventh Circuit—*Baric v. Superior Tanning Co.* (1950), 182 F. 2d 724;

Associated Plastics v. Gits Molding (1950), 182 F. 2d 1000;

Texas Oil Co. v. Globe Oil Refining Co. (1955), 225 F. 2d 725.

Eighth Circuit—*Hall Laboratories v. Economics Laboratory Inc.* (1948), 169 F. 2d 65;

Trico v. Delman Corp. (1950), 180 F. 2d 529;

Willis v. Town (1950), 182 F. 2d 892.

Ninth Circuit—*Brodie Co. v. Hydraulic Press* (1945), 151 F. 2d 91;

Crowell v. Baker Oil Tools Inc. (1946), 153 F. 2d 972;

Maulsky v. Cozenroy (1947), 161 F. 2d 165;

Faulkner v. Gibbs (1948), 170 F. 2d 34.

In *United States v. Esnault-Pelterie* this Court said:

"Validity and infringement are ultimate facts on which depends the question of liability. In actions at law they are to be decided by the jury."

United States v. Esnault-Pelterie (1936), 299 U. S. 201, 81 L. Ed. 123;

Royer v. Belting Co. (1890), 135 U. S. 319, 34 L. Ed. 214;

Trustees of Masonic Fund v. Fountain Elect. etc. Corp. (C. A. 2, 1914), 218 Fed. 642.

The Decision of the Court of Appeals Does Not Follow the Law of the Beacon Theatres Case.

The decision of the Supreme Court in the *Beacon Theatres* case clearly established the overriding importance of the constitutional guarantee of a jury trial as provided by the Seventh Amendment. There is no constitutional guarantee of a court trial. The law as laid down in the *Beacon Theatres* case is believed to be controlling in the present case. It was so recognized in *Thermo-Stitch, Inc. v. Chemi-Cord Processing Corporation, et al.* (C. A. 5, decided September 15, 1961), 294 F. 2d 486, 131 U. S. P. Q. 1, hereinafter discussed.

In *Beacon Theatres* a mandamus proceeding was brought to require the Hon. Judge Harry C. Westover of the same court from which the present case arises to vacate certain orders depriving the petitioner of a jury trial. The Court of Appeals for the Ninth Circuit refused the writ and petitioner sought certiorari. The Supreme Court reversed the Court of Appeals and held that the writ of mandamus should have been issued.

Fox West Coast Theatres brought a declaratory judgment action against Beacon Theatres, Inc. Fox had entered into a contract with moving picture distributors giving to Fox the exclusive right to show "first run" pictures in its area, and providing that a "clearance", a time period, should take place between Fox's showing of first run pictures and the next showing. Beacon notified Fox that it considered the contract to be in violation of the antitrust laws.

Fox thereupon filed its complaint seeking declaratory relief and a ruling that the contract was rea-

sonable and not violative of the antitrust laws. The complaint also sought an injunction to prevent Beacon from instituting any antitrust suits against Fox or its distributors.

Beacon filed an answer and a counterclaim against Fox, and also a cross-claim against the distributor of Fox who had intervened. These pleadings denied the threat to Fox, placed the complaint in issue, and asked for treble damages.

Beacon demanded a jury trial.

The district court viewed the issues raised by the complaint as essentially equitable and directed that the other issues be tried by the court before the jury determination of the validity of the charges of antitrust violation made in the counterclaim and cross-claim.

A common issue of the complaint, the counterclaim, and the cross-complaint was the reasonableness of the "clearances" granted Fox, and this reasonableness depended, in part, upon the presence or absence of competition between the two parties.

The Supreme Court stated that the result of the action of the district court was to "limit the petitioner's opportunity fully to try to a jury every issue which has a bearing upon its treble damage suit".

In reversing the Court of Appeals and ruling that the order of the district court was error, the Supreme Court said:

> "'In the Federal courts this (jury) right cannot be dispensed with, except by the assent of the parties entitled to it; nor can it be impaired by any blending with a claim, properly cognizable at law, of a demand for equitable relief in aid of the legal action, or during its pendency'."

There are distinctions between the facts in the *Beacon Theatres* case and in the present case. Those differences, where present, give small support of any contention that petitioners are not guaranteed a jury trial by the Constitution in the present case if one was insured in the *Beacon Theatres* case.

The differences and similarities between and in the *Beacon Theatres* case and the present case recognized to be of any significance are here referred to:

1. In the *Beacon Theatres* case and in the present case the complaint sought declaratory relief.

2. In the *Beacon Theatres* case and in the present case the defendant filed a counterclaim asking for treble damages.

3. In the *Beacon Theatres* case and in the present case the defendant asked for a jury trial.

4. In the *Beacon Theatres* case the original complaint asked for equitable relief. In the present case no equitable issues were raised by the complaint and answer.

5. In the *Beacon Theatres* case the district court directed a court trial of all issues of a complaint which had asked for equitable relief. In the present case the district court directed a court trial of all issues of a complaint which asked only for legal relief.

6. In the *Beacon Theatres* case the district court directed a later jury trial of the issue as to treble damages raised by the counterclaim and cross-claim. In the present case the court held that the presence of equitable issues in the counter-

claim should result in a single court trial of the legal issues in the complaint and answer as well as the equitable issues of the counterclaim.

The Supreme Court did not decide the *Beacon Theatres* case upon the basis of a limited or narrow set of facts but instead upon broad principles fully applicable to the present case. This is clearly reflected in the following:

". . . We granted certiorari, 356 U. S. 950, 78 S. Ct. 990, 2 L. Ed. 2d 1064, because 'Maintenance of the jury as a fact-finding body is of such importance and occupies so firm a place in our history and jurisprudence that any seeming curtailment of the right to a jury trial should be scrutinized with the utmost care.' Dimick v. Schiedt, 293 U. S. 474, 486, 55 S. Ct. 296, 301, 79 L. Ed. 603.

* * *

"The basis of injunctive relief in the federal courts has always been irreparable harm and inadequacy of legal remedies.

". . . Under the Federal Rules the same court may try both legal and equitable causes in the same action. . . . Whatever permanent injunctive relief Fox might be entitled to on the basis of the decision in this case could, of course, be given by the court after the jury renders its verdict.

". . . Since in the federal courts equity has always acted only when legal remedies were inadequate, the expansion of adequate legal remedies the Federal Rules necessarily affects the scope of the Federal Rules necessarily affects to scope of equity. . . . This is not only in accord with the

spirit of the Rules and the Act but is required by the provision in the Rules that 'the right of trial by jury as declared by the Seventh Amendment to the Constitution or as given by a statute of the United States shall be preserved . . . inviolate.'

"If there should be cases where the availability of declaratory judgment or joinder in one suit of legal and equitable causes would not in all respects protect the plaintiff seeking equitable relief from irreparable harm while affording a jury trial in the legal cause, the trial court will necessarily have to use its discretion in deciding whether the legal or equitable cause should be tried first. Since the right to jury trial is a constitutional one, however, while no similar requirement protects trials by the court, that discretion is very narrowly limited and must, wherever possible, be exercised to preserve jury trial. As this Court said in Scott v. Neely, 140 U. S. 106, 109-110, 11 S. Ct. 712, 714, 35 L. Ed. 358: 'In the Federal courts this (jury) right cannot be dispensed with, except by the assent of the parties entitled to it; nor can it be impaired by any blending with a claim, properly cognizable at law, of a demand for equitable relief in aid of the legal action, or during its pendency.'"

In the instant case the right to trial by jury has not been protected nor has it been denied because of "imperative circumstances." It has been denied solely because the district court prefers to avoid a jury trial in a patent suit. Such a holding clearly is *contra* to Beacon Theatres.

The Decision of the Court of Appeals Conflicts With the Thermo-Stitch Case of the Fifth Circuit.

The decision of the Ninth Circuit Court of Appeals in the present case is in conflict with the decision of the Fifth Circuit Court of Appeals upon the question of the right to trial by jury of the issues of patent validity and infringement when raised by a complaint for declaratory judgment. The latter Court in a recent case supports petitioners' position with respect to the *Beacon Theatres* case. That case is *Thermo-Stitch, Inc. v. Chemi-Cord Processing Corporation et al.* (C. A. 5, decided September 15, 1961), 294 F. 2d 480, 131 U. S. P. Q. 1. The facts of that case are very close to the present case.

Chemi-Cord sought declaratory judgment of patent invalidity and noninfringement and an injunction restraining the defendants from suing the plaintiffs and their customers. Defendant Thermo-Stitch counterclaimed for damages, patent infringement, fraud, and violation of the antitrust laws. Thermo-Stitch demanded a jury trial. Chemi-Cord, upon the ground the complaint sought equitable relief, moved (1) for a separate trial upon the issues of validity and infringement, and (2) to strike defendant's motion for a jury trial on those issues. The District Court granted the motion. The Court of Appeals for the Fifth Circuit reversed upon the authority of Beacon Theatres, saying:

> "Before Beacon Theatres was decided, the law was unclear but usually the determinative test on the point at issue was the 'basic' equitable character of the relief sought.
>
> "* * * the reasoning of the Beacon Theatres decision, however, clearly applies to this case. To

interpret it in such a way that it should not control this case would be to ignore the express statement of the opinion that the decision was not based on the limited nature of the equitable claim involved.

"Beacon Theatres holds that where the presence of legal and equitable causes in the same case requires the selection between a jury and a non-jury determination of certain common issues, the discretion of the trial court is 'very narrowly limited and must, wherever possible be exercised to preserve jury trial.'"

In the *Thermo-Stitch* case, as here, the complaint seeking declaratory relief raised the issues of patent validity and infringement. In *Thermo-Stitch* the complaint also sought an injunction which was not sought by the complaint in the instant case. There is the additional distinction that in the present case the counterclaim seeks equitable relief which was not true in the *Thermo-Stitch* case.

The two cases have in common the questions of validity and infringement raised by the complaint and by the counterclaim and the demand for a jury trial with respect thereto.

In the *Thermo-Stitch* case it was held that the counterclaimant had the right to a jury trial, having demanded one. In the instant case this right was denied.

The law of *Beacon Theatres* was held to be controlling by the Fifth Circuit Court of Appeals but though urged was ignored by the Court of Appeals for the Ninth Circuit.

It is urged that here is an important question relating to the right to a jury trial upon which the two circuits are in disagreement and which disagreement should be resolved by this Court.

The District Court Violated Judicial Discretion and Deprive Petitioners of Due Process of Law.

The District Court violated judicial discretion and deprived petitioners of due process of law by (1) refusing to grant leave to file an amended counterclaim which eliminated prayers for equitable relief in the absence of irreparable harm and the presence of adequate legal remedy, and (2) using the presence of those prayers for equitable relief to justify the striking of a demand for jury trial.

The ruling (Pet. for Mandamus, Appx. p. 50) violated the clear principle of F. R. C. P. 15 which provides:

> ". . . leave shall be freely given when justice so requires."

It also violated the law as stated by this Court in the *Beacon Theatres* case to the effect:

> "The basis of injunctive relief in the federal courts has always been irreparable harm and inadequacy of legal remedies."

As viewed by the District Court, and with the approval of the Court of Appeals, a litigant can be forced to continue to seek equitable relief although the circumstances of the case do not justify it, and although he does not want it, if that continuance will strengthen the denial of a jury trial. In effect, this comprises a variation of the law and of the rules to enable the district court to buttress its denial of a jury trial.

Shubins found during discovery they did not need either an accounting or an injunction, yet the counterclaim on file sought both. To insist that petitioners

defendants continue to seek injunctive relief and an accounting when there is nothing to account for and nothing to enjoin does violence to the principles forming the very basis of injunctive relief in the federal courts which has always been irreparable harm and inadequacy of legal remedies.

Beacon Theatres, Inc. v. Westover, 359 U. S. 500, 79 S. Ct. 948, 3 L. Ed. 2d 988;

State of Pennsylvania v. Wheeling & Belmont Bridge Co., 13 How. 518, 561, 14 L. Ed. 249;

Parker v. Winnipiscogee Lake Cotton & Woollen Co., 2 Black 545, 551, 17 L. Ed. 333;

Enelow v. New York Life Ins. Co., 293 U. S. 379, 55 S. Ct. 310, 79 L. Ed. 440.

The right of the court to exercise judicial discretion cannot be contested, but where that right is exercised solely for the purpose of reinforcing the denial of a right to a jury trial, and not for any reason relating to the merits of the case, or to the presence or absence of any actual need of equitable relief, judicial discretion is violated.

Petitioners would clearly be entitled to a jury trial in the absence of prayers for equitable relief in the counterclaim. The proposed amended counterclaim (Pet. for Mandamus, Appx. pp. 36-38) which petitioners moved for leave to file contains no such prayers.

Petitioners have asserted *supra* and maintain, that they are entitled to a jury trial with the original filed counterclaim as their pleading. They further assert here that if they are in error in that position they would have been entitled to a jury trial had the pro-

posed counterclaim (Pet. for Mandamus, Appx. p. 30) been filed and that the refusal of the District Court to grant leave to file the proposed amended counterclaim for the reason stated resulted in depriving petitioners of the jury trial to which they were entitled and so deprived them of due process of law.

Conclusions.

1. The District Court granted Bowles' motion to strike the Shubin demand for a jury trial from the filed answer and counterclaim.

2. The District Court denied Shubins' motion for leave to file a proposed amended counterclaim, which therefore was never filed.

3. The Bowles' complaint and the Shubin answer as filed raised jury issues.

4. Shubins petitioned for mandamus to vacate the District Court order effectively denying them a jury trial on the issues of the filed complaint and answer believing they were entitled thereto under the law of the *Beacon Theatres* case and is interpreted by the Court of Appeals in the Fifth Circuit in the *Thermo-Stitch* case.

5. The Court of Appeals of the Ninth Circuit refused to vacate the order of the District Court denying the Shubins a jury trial, the order being in conflict with the law of the *Thermo-Stitch* case in the Fifth Circuit.

6. The conflict in the interpretation of the law relative to a patentee's right to a jury trial in the Fifth and Ninth Circuits is important, has not been, and should be decided.

7. The District Court deprived the Shubins of due process of law by insisting that they continue to seek equitable relief by denying their motion to file an amended counterclaim omitting all reference to equitable relief for which it had been found there was no need, the District Court's sole reason for denying leave to amend being to buttress its denial of the Shubin right to trial by jury.

The granting of this petition for certiorari is believed to be proper and such action is earnestly solicited.

Respectfully submitted,

WILLIAM DOUGLAS SELLERS,
Attorney for Petitioners.

APPENDIX.

Constitution of the United States, Seventh Amendment.

In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.

Order of the United States Court of Appeals for the Ninth Circuit.

United States Court of Appeals for the Ninth Circuit.

John M. Shubin and Peter S. Shubin, Petitioners, vs. The United States District Court for the Southern District of California, Central Division, Respondent, and S. Vincen Bowles, Inc., Respondent. No. 17,590.

Filed Dec. 29, 1961.

In the Matter of the Petition for Writ of Mandamus and for Other Relief.

Before: Barnes, Hamlin and Jertberg, Circuit Judges.

Before us is a petition for mandamus to require the district court to grant petitioners a jury trial on certain issues raised by a *proposed* amended counterclaim.

The original complaint below sought declaratory relief as to whether the then defendants' (here petitioners Shubin) patent was valid; and denied infringement by plaintiff. The original answer and counterclaim sought

an injunction and an accounting, and demanded a jury. After plaintiff below sought leave to strike the defendants' demand for a jury trial, upon the ground only equitable issues were involved, defendants below sought to amend their counterclaim to eliminate all need for equitable relief, and to allege damages, and thus create a factual question.

It should be mentioned that discovery proceedings below indicated the prelitigation notice of patent and charge of infringement had so closely antedated the filing of the suit that both parties had agreed that no infringement had taken place—hence no necessity for the equitable relief prayed for in the original answer and counterclaim.

A partial transcript of the proceedings below is before us on this motion. It indicates the trial judge recognized that patent suits do not lend themselves readily to trial by jury for obvious reasons, yet if the defendants below and petitioners here were entitled under the law to a jury trial, he could not, and would not, deny their request.

Inferring that the only purpose of the proposed amended counterclaim was to create a factual issue in the case not then existing, the trial judge denied petitioners the right to amend. He then granted the motion to strike the demand for a jury trial upon the ground only equitable issues were involved.

When this action took place, petitioners had no legal right in the then posture of the case to amend their

pleading without permission of the court. Such permission should be freely granted. Yet here it was not, for reasons sufficient to an experienced trial judge. Such an amendment, a matter of course before a responsible pleading is served, is not a matter of course or right after a responsive pleading is served.[1] We find no abuse of discretion in either of the court's rulings.

The petition for a writ of mandamus or other relief is denied.

(Endorsed) Order Filed Dec. 29, 1961.

Frank H. Schmid, Clerk.

---

[1]"Rule 15. AMENDED AND SUPPLEMENTAL PLEADINGS.

"(a) Amendments. A party may amend his pleading once as a matter of course at any time before a responsive pleading is served or, if the pleading is one to which no responsive pleading is permitted and the action has not been placed on the trial calendar, he may so amend it at any time within 20 days after it is served. Otherwise a party may amend his pleading only by leave of court or by written consent of the adverse party; and leave shall be freely given when justice so requires . . . ." (Fed. R. Civ. P. 15(a), 28 U.S.C.)

"Rule 7. PLEADINGS ALLOWED; FORMS OF MOTIONS.

"(a) Pleadings. There shall be a complaint and an answer; and there shall be a reply to a counterclaim denominated as such; . . . ." (Fed. R. Civ. P. 7(a), 28 U.S.C.)

Petitioners did not move in the district court for leave to file an amended counterclaim (Tr. 35-41) until after respondent had filed a reply to the original counterclaim (Tr. 15-22).

Federal Rules of Civil Procedure.

Rule 1. Scope of Rules.

These rules govern the procedure in the United States district courts in all suits of a civil nature whether cognizable as cases at law or in equity, with the exceptions stated in Rule 81. They shall be construed to secure the just, speedy, and inexpensive determination of every action.

Rule 2. One Form of Action.

There shall be one form of action to be known as "civil action".

Rule 13. Counterclaim and Cross-Claim.

(a) Compulsory Counterclaims. A pleading shall state as a counterclaim any claim which at the time of serving the pleading the pleader has against any opposing party, if it arises out of the transaction or occurrence that is the subject matter of the opposing party's claim and does not require for its adjudication the presence of third parties of whom the court cannot acquire jurisdiction, except that such a claim need not be so stated if at the time the action was commenced the claim was the subject of another pending action.

(b) Permissive Counterclaims. A pleading may state as a counterclaim any claim against an opposing party not arising out of the transaction or occurrence that is the subject matter of the opposing party's claim.

(c) Counterclaim Exceeding Opposing Claim. A counterclaim may or may not diminish or defeat the

recovery sought by the opposing party. It may claim relief exceeding in amount or different in kind from that sought in the pleading of the opposing party.

(d) Counterclaim Against the United States. These rules shall not be construed to enlarge beyond the limits now fixed by law the right to assert counterclaims or to claim credits against the United States or an officer or agency thereof.

(e) Counterclaim Maturing or Acquired After Pleading. A claim which either matured or was acquired by the pleader after serving his pleading may, with the permission of the court, be presented as a counterclaim by supplemental pleading.

(f) Omitted Counterclaim. When a pleader fails to set up a counterclaim through oversight, inadvertence, or excusable neglect, or when justice requires, he may by leave of court set up the counterclaim by amendment.

(g) Cross-Claim Against Co-Party. A pleading may state as a cross-claim any claim by one party against a co-party arising out of the transaction or occurrence that is the subject matter either of the original action or of a counterclaim therein or relating to any property that is the subject matter of the original action. Such cross-claim may include a claim that the party against whom it is asserted is or may be liable to the cross-claimant for all or part of a claim asserted in the action against the cross-claimant.

(h) Additional Parties May Be Brought In. When the presence of parties other than those to the original action is required for the granting of complete relief in the determination of a counterclaim or cross-claim, the court shall order them to be brought in as defendants as provided in these rules, if jurisdiction of them can be obtained and their joinder will not deprive the court of jurisdiction of the action.

(i) Separate Trials; Separate Judgments. If the court orders separate trials as provided in Rule 42(b), judgment on a counterclaim or cross-claim may be rendered in accordance with the terms of Rule 54(b) when the court has jurisdiction so to do, even if the claims of the opposing party have been dismissed or otherwise disposed of.

Rule 15. Amended and Supplemental Pleadings.

(a) Amendments. A party may amend his pleading once as a matter of course at any time before a responsible pleading is served or, if the pleading is one to which no responsive pleading is permitted and the action has not been placed upon the trial calendar, he may so amend it at any time within 20 days after it is served. Otherwise a party may amend his pleading only by leave of court or by written consent of the adverse party; and leave shall be freely given when justice so requires. A party shall plead in response to an amended pleading within the time remaining for response to the original pleading or within 10 days after

service of the amended pleading, whichever period may be the longer, unless the court otherwise orders.

(b) Amendments to Conform to the Evidence. When issues not raised by the pleadings are tried by express or implied consent of the parties, they shall be treated in all respects as if they had been raised in the pleadings. Such amendment of the pleadings as may be necessary to cause them to conform to the evidence and to raise these issues may be made upon motion of any party at any time, even after judgment; but failure so to amend does not affect the result of the trial of these issues. If evidence is objected to at the trial on the ground that it is not within the issues made by the pleadings, the court may allow the pleadings to be amended and shall do so freely when the presentation of the merits of the action will be subserved thereby and the objecting party fails to satisfy the court that the admission of such evidence would prejudice him in maintaining his action or defense upon the merits. The court may grant a continuance to enable the objecting party to meet such evidence.

(c) Relation Back of Amendments. Whenever the claim or defense asserted in the amended pleading arose out of the conduct, transaction, or occurrence set forth or attempted to be set forth in the original pleading, the amendment relates back to the date of the original pleading.

(d) Supplemental Pleadings. Upon motion of a party the court may, upon reasonable notice and upon such terms as are just, permit him to serve a supplemental pleading setting forth transactions or occurrences or events which have happened since the date of the pleading sought to be supplemented. If the court deems

it advisable that the adverse party plead thereto, it shall so order, specifying the time therefor.

Rule 18. Joinder of Claims and Remedies.

(a) Joinder of Claims. The plaintiff in his complaint or in a reply setting forth a counterclaim and the defendant in an answer setting forth a counterclaim may join either as independent or as alternate claims as many claims either legal or equitable or both as he may have against an opposing party. There may be a like joinder of claims when there are multiple parties if the requirements of Rules 19, 20, and 22 are satisfied. There may be a like joinder of cross-claims or third-party claims if the requirements of Rules 13 and 14 respectively are satisfied.

(b) Joinder of Remedies; Fraudulent Conveyances. Whenever a claim is one heretofore cognizable only after another claim has been prosecuted to a conclusion, the two claims may be joined in a single action; but the court shall grant relief in that action only in accordance with the relative substantive rights of the parties. In particular, a plaintiff may state a claim for money and a claim to have set aside a conveyance fraudulent as to him, without first having obtained a judgment establishing the claim for money.

Rule 38. Jury Trial of Right.

(a) Right Preserved. The right of trial by jury as declared by the Seventh Amendment to the Constitution or as given by a statute of the United States shall be preserved to the parties inviolate.

(b) Demand. Any party may demand a trial by jury of any issue triable of right by a jury by serving upon the other parties a demand therefor in writing at any time after the commencement of the action and not

later than 10 days after the service of the last pleading directed to such issue. Such demand may be indorsed upon a pleading of the party.

(c) Same: Specification of Issues. In his demand a party may specify the issues which he wishes so tried; otherwise he shall be deemed to have demanded trial by jury for all the issues so triable. If he has demanded trial by jury for only some of the issues, any other party within 10 days after service of the demand or such lesser time as the court may order, may serve a demand for trial by jury of any other or all of the issues of fact in the action.

(d) Waiver. The failure of a party to serve a demand as required by this rule and to file it as required by Rule 5(d) constitutes a waiver by him of trial by jury. A demand for trial by jury made as herein provided may not be withdrawn without the consent of the parties.

Rule 39. Trial by Jury or by the Court.

(a) By Jury. When trial by jury has been demanded as provided in Rule 38, the action shall be designated upon the docket as a jury action. The trial of all issues so demanded shall be by jury, unless (1) the parties or their attorneys of record, by written stipulation filed with the court or by an oral stipulation made in open court and entered in the record, consent to trial by the court sitting without a jury or (2) the court upon motion or of its own initiative finds that a right of trial by jury of some or all of those issues does not exist under the Constitution or statutes of the United States.

Rule 57. Declaratory Judgments.

The procedure for obtaining a declaratory judgment pursuant to Title 28, U. S. C., § 2201, shall be in ac-

cordance with these rules, and the right to trial by jury may be demanded under the circumstances and in the manner provided in Rules 38 and 39. The existence of another adequate remedy does not preclude a judgment for declaratory relief in cases where it is appropriate. The court may order a speedy hearing of an action for a declaratory judgment and may advance it on the calendar.

28 U. S. C. 1338(a). Patents, copyrights, trade-marks, and unfair competition.

(a) The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, copyrights and trade-marks. Such jurisdiction shall be exclusive of the courts of the states in patent and copyright cases.

28 U. S. C. 1651 (a). Writs.

(a) The Supreme Court and all courts established by Act of Congress may issue all writs necessary or appropriate in aid of their respective jurisdictions and agreeable to the usages and principles of law.

28 U. S. C. 2072. Rules of civil procedure for district courts.

The Supreme Court shall have the power to prescribe, by general rules, the forms of process, writs, pleadings, and motions, and the practice and procedure of the district courts of the United States in civil actions.

Such rules shall not abridge, enlarge or modify any substantive right and shall preserve the right of trial by jury as at common law and as declared by the Seventh Amendment to the Constitution.

Such rules shall not take effect until they have been reported to Congress by the Chief Justice at or after the beginning of a regular session thereof but not later than the first day of May, and until the expiration of ninety days after they have been thus reported.

All laws in conflict with such rules shall be of no further force or effect after such rules have taken effect. Nothing in this title anything therein to the contrary notwithstanding, shall in any way limit, supersede, or repeal any such rules heretofore prescribed by the Supreme Court. June 25, 1948, c. 646, 62 Stat. 961; May 24, 1949, c. 139, §103, 63 Stat. 104; July 18, 1949, c. 343, §2, 63 Stat. 446; May 10, 1950, c. 174, §2, 64 Stat. 158; July 7, 1958, Pub. L. 85-508, §12(m), 72 Stat. 348.

28 U. S. C. 2201. Creation of remedy.

In a case of actual controversy within its jurisdiction, except with respect to Federal taxes, any court of the United States, upon the filing of an appropriate pleading, may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought. Any such declaration shall have the force and effect of a final judgment or decree and shall be reviewable as such. June 25, 1948, c. 646, 62 Stat. 964; May 24 1949, c. 139, §111, 63 Stat. 105; Aug. 28, 1954, c. 1033, 68 Stat. 890; July 7, 1958, Pub. L. 85-508, §12(p), 72 Stat. 349.

35 U. S. C. 281. Remedy for infringement of patent.

A patentee shall have remedy by civil action for infringement of his patent. July 19, 1952, c. 950, §1, 66 Stat. 812.

[Title of District Court and Cause]

Answer and Counterclaim for Patent Infringement.

(Jury Trial Demanded)

Come now the defendants John M. Shubin and Peter S. Shubin, individuals, and answer the Complaint as follows:

I

Defendants admit the allegations of paragraphs 1, 2, 3, 4, and 5.

II

Defendants admit they have charged the plaintiff with infringement of Letters Patent 2,961,105, that plaintiff has denied infringement, that an actual controversy exists, that plaintiff is entitled to a declaration of its rights, all as alleged in paragraph 6; deny each and every other allegation contained in said paragraph including its parts (a), (b), (c), (d), (e), (f), (g), (h), and (i) and each of their sub-parts.

III

Defendants deny each and every allegation contained in paragraph 7.

WHEREFORE, defendants and counterclaimants pray as follows:

AS TO THE COMPLAINT
FOR DECLARATORY JUDGMENT

1. That said complaint be dismissed.

2. That defendants be awarded their costs and reasonable attorney's fees.

Dated this 20th day of February, 1961.

/s/ W. D. Sellers
W. D. Sellers
Attorney for Defendants
and Counterclaimants
16 North Marengo Avenue
Pasadena, California

[Title of District Court and Cause]

Answer and First Amended Counterclaim for Patent Infringement.

(Jury Trial Demanded)

Come now the defendants John M. Shubin and Peter S. Shubin, individuals, and answer the Complaint as follows:

I

Defendants admit the allegations of paragraphs 1, 2, 3, 4, and 5.

II

Defendants admit they have charged the plaintiff with infringement of Letters Patent 2,961,105, that plaintiff has denied infringement, that an actual controversy exists, that plaintiff is entitled to a declaration of its rights, all as alleged in paragraph 6; deny each and every other allegation contained in said paragraph including its parts (a), (b), (c), (d), (e), (f), (g), (h), and (i) and each of their sub-parts.

III

Defendants deny each and every allegation contained in paragraph 7.

WHEREFORE, defendants and counterclaimants pray as follows:

AS TO THE COMPLAINT
FOR DECLARATORY JUDGMENT

1. That said complaint be dismissed.

2. That defendants be awarded their costs and reasonable attorney's fees.

Dated this 6th day of September, 1961.

/s/ Wm. Douglas Sellers
W. D. Sellers
Attorney for Defendants
and Counterclaimants
16 North Marengo Avenue
Pasadena, California

Office-Supreme Court, U.S.
FILED
MAR 13 1962
JOHN F. DAVIS, CLERK

IN THE

Supreme Court of the United States

October Term, 1961.

No. 726

JOHN M. SHUBIN and PETER S. SHUBIN,
Petitioners,

vs.

THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA, CENTRAL DIVISION,
Respondent,

THE HONORABLE WILLIAM M. BYRNE, Judge of the United States District Court for the Southern District of California, Central Division,
Respondent,

and

S. VINCEN BOWLES, INC.,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit, Brief for S. Vincen Bowles, Inc., Respondent, in Opposition.

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IN THE

Supreme Court of the United States

October Term, 1961.

No. 726

JOHN M. SHUBIN and PETER S. SHUBIN,

Petitioners,

vs.

THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA CENTRAL DIVISION,

Respondent,

THE HONORABLE WILLIAM M. BYRNE, Judge of the United States District Court for the Southern District of California, Central Division,

Respondent,

and

S. VINCEN BOWLES, INC.,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit, Brief for S. Vincen Bowles, Inc., Respondent, in Opposition.

Opinions Below.

The opinion in the District Court was given orally on September 18, 1961, at the conclusion of the hearing of the motions sought to be reviewed here. A certified transcript of the hearing, including the District Court's opinion, was before the Court of Appeals in the form of an Appendix to Respondent's Answer and Brief in Opposition to Petition for Writ of Mandamus. Said Appendix, including the opinion of the District Court, is printed in an Appendix to this Brief, pages 5-17.

The Court of Appeals opinion is reported at ..... F. 2d ..... 132 U. S. P. Q. 122, and appears in Petitioners' Appendix here.

Jurisdiction.

The jurisdictional requisites are adequately set forth in the Petition.

Questions Presented.

We disagree with Petitioners' framing of the questions presented by the Petition and submit our version as follows:

1. Where a patentee threatens an equity suit to enjoin continued manufacture of devices such as had been manufactured prior to issuance of his patent; and where the threatened manufacturer seeks a declaratory judgment of non-infringement and invalidity of the patent; and where the patentee answers, admitting the controversy, traversing the allegations of non-infringement and invalidity, and counter-claims in equity for an injunction and accounting, may the patentee-defendant by timely demand compel a jury trial of all or any of the issues thus raised?

2. In the above circumstances, after a reply to the original counterclaim is filed, does the trial court abuse its discretion in refusing the patentee leave to file an amended counterclaim for damages at law when the sole purpose of such proposed amendment is to compel a jury trial, and where the patentee had admitted that no infringement had in fact taken place since the issue of the patent?

3. Assuming trial court error as to (1) or (2) above, is such error one requiring the extraordinary remedy of mandamus, since the patentee is adequately protected by its unimpaired right to appeal?

Constitutional Provision and Statutes Involved.

The Seventh Amendment to the Constitution of the United States, 28 U. S. C. §§1651, 2072 (Federal Rules of Civil Procedure, 15, 28, 30 and 57), 2201, and 35 U. S. C. §281, all correctly set forth in the Appendix to the Petition, are involved in this matter. We believe that, except for the foregoing, the other statutes and rules cited by Petitioners are unnecessary to a consideration of the questions presented here.

Statement.

Review is sought by the Petition at bar of certain interlocutory orders made by the trial court in an action concerning Petitioners' United States patent No. 2,961,105, covering a REFUSE VEHICLE AND LOADING APPARATUS THEREFOR.

Plaintiff-manufacturer (Respondent here) sought by a declaratory judgment action, to relieve itself of the patentees' (Petitioners here) threats of injunction under the subject patent, if it continued to manufacture certain truck bodies of a design manufactured and sold by it prior to issuance of the patent. In its Complaint, Plaintiff alleged the requisite controversy and further alleged non-infringement and invalidity of the patent.

By their Answer to the declaratory judgment action, the patentees admitted their threats but alleged that there *was* infringement at least threatened, and that the patent *was* valid, wherefore the Complaint should be dismissed.

By way of Counterclaim, patentees reasserted their charges that Plaintiff threatened infringement, praying for an injunction, and an accounting for profits and damages. Although no damages at law were sought, a demand for a jury trial was endorsed on the Answer and Counterclaim.

After Reply to the Counterclaim had been filed, Plaintiff moved to strike the jury trial demand on the grounds that the matters in controversy were entirely equitable, and that Defendants could not compel a jury trial under the Constitution.

After filing of Plaintiff's Motion to Strike but before the hearing thereof, the patentees moved the court for leave to amend their Counterclaim so as to delete therefrom the claims for equitable relief, and to *add* what purported to be an action at law for damages. (See proposed Amended Counterclaim, Appendix hereto, pp. 3-4.) In support of their Motion for Leave To Amend their Counterclaim, patentees represented to the court that since the filing of the original Counterclaim, they had discovered that *there had been, in fact, no infringement by Plaintiff since the patent issued*, and argued that they therefore did not need an injunction or accounting.

Plaintiff's Motion to Strike and the patentees' Motion for Leave to Amend the Counterclaim were heard at the same time. The District Court granted the Motion to Strike the Jury Trial, and denied the Motion for Leave to Amend. In his opinion (see Ap-

pendix hereto, pp. 14-17), the trial judge observed that patent suits do not lend themselves readily to trial by jury for obvious reasons, but stated definitely that if the patentees were entitled to a jury trial under the Constitution, he could not and would not deny their demand. The trial judge also inferred that the only reason for the proposed Amended Counterclaim was to allege a factual situation that did not really exist, in order to state an ostensible action at law and compel a jury trial.

Patentees thereupon petitioned the Court of Appeals for a writ of mandamus, ordering the trial court to reverse both decisions on the motions. The Court of Appeals found no abuse of discretion in either of the District Court's rulings, and denied the petition (see Petitioners' Appendix, p. 1). A request for reconsideration and rehearing was denied.

The present Petition seeks a review of the decision of the Court of Appeals denying mandamus.

ARGUMENT.

It is apparent that Petitioners misconceive the purpose of certiorari jurisdiction in this Court. They apparently regard this Court as a forum to rehear arguments unsuccessfully presented in the courts below. This is not the function of certiorari review.

Magnum Import Co. v. Coty, 262 U. S. 159, 163-164 (1923).

No special or important reasons for review by this Court are shown. None of the usual earmarks of a proper case for certiorari review are apparent in this case.

On the contrary, the record shows that the interlocutory orders of the trial court which are sought to be reviewed here were made and entered after a thorough and careful presentation and consideration of the peculiar facts of this case, that they are clearly in accordance with federal law, and that they are not in conflict with any applicable decision or principle heretofore determined by this Court. Likewise, there is no conflict with any decision of another Court of Appeals on the same matter.

The courts below have not departed from the usual course of judicial proceedings so as to require this Court's supervision. Moreover, even if error be shown, Petitioners have shown no reason why they need or are entitled to the extraordinary remedy of a writ of mandamus in advance of final judgment, let alone the even more extraordinary remedy of a review by this Court of a decision denying such writ.

As was said in *American Construction Co. v. Jacksonville, T. & K. W. Ry.*, 148 U. S. 372, 384 (1893):

"Whether an interlocutory order may be separately reviewed by the appellate court in the progress of the suit, or only after and together with the final decree, is matter of procedure rather than of substantial right; and many orders made in the progress of a suit become quite unimportant by reason of the final result, or of intervening matters. Clearly, therefore, this court should not issue a writ of certiorari to review a decree of the circuit court of appeals on appeal from an interlocutory order, unless it is necessary to prevent extraordinary inconvenience and embarrassment in the conduct of the cause."

I.

The Trial Court's Rulings Were Clearly Correct.

A. The Motion to Strike.

The Complaint alleged facts showing that Plaintiff, S. Vincen Bowles, Inc., was threatened with an equitable remedy, *i.e.*, an injunction under Defendant Shubins' newly issued patent if Bowles continued to manufacture certain truck bodies. Plaintiff sought to be relieved of that threat by a declaratory judgment that the design of body in question did not infringe the patent, that the patent was invalid, and for those reasons, the Shubins were not entitled to the threatened injunction.

Defendants answered, admitting the alleged controversy but traversing Plaintiff's contentions concerning the patent. Thus, in effect Petitioners contend in their Answer that they were entitled to the purely equitable remedy of an injunction, or at least, would be if Plaintiff resumed manufacture of the trucks.

Despite the fact that it is cast in the form of a declaratory judgment action, clearly the gravamen of

this case is the Defendants-patentees' alleged right under the patent to prevent Plaintiff from manufacturing the subject truck bodies, *i.e.*, Defendants' alleged right to an ***injunction.***

Obviously, whether one claims that an equitable remedy *should* be imposed or claims it *should not* be imposed, the claim itself is equitable in origin. Thus, whatever else it may be in Petitioners' lexicon, it is clear that the action filed by Plaintiff is not a "suit at common law" as referred to in the Seventh Amendment to the Constitution. Nor is it by any possible construction the modern counterpart of a "suit at common law".

If there were any doubt as to the purely equitable nature of this case, such doubt was dispelled by the Counterclaim. Defendants' original Counterclaim seeking *only equitable relief* greatly reinforces the obvious intent and recognition of all parties that this entire controversy falls within equity jurisdiction (see Appendix hereto, pp. 1-2).

Accordingly, under long-established precedent, the trial court was correct in striking the demand for a jury since the case was one entirely within equity jurisdiction and not within the purview of the Seventh Amendment to the Constitution.

> *Barton v. Barbour*, 105 U. S. 126 (1881);
>
> *United States v. Louisiana*, 339 U. S. 699 (1950).

Although *Barton v. Barbour* was not a patent case, the opinion contains a clear statement of the applicability of its rule to patent cases, viz:

> "But those who use this argument lose sight of the fundamental principle that the right of trial

by jury, considered as an absolute right, *does not extend to cases of equity jurisdiction.* If it be conceded or clearly shown that the case belongs to this class, the trial of questions involved in it belongs to the court itself, no matter what may be its importance or complexity.

"Thus, upon a bill filed for an injunction, to restrain the infringement of letters-patent, and for an account of profits for past infringement, it is now the constant practice of courts of equity to try *without a jury issues of fact* relating to the title of the patentee, involving questions of the novelty, utility, prior public use, abandonment, and assignment of the invention patented. The jurisdiction of a court of equity to try such issues according to its own course of practice is too well settled to be shaken. Rubber Company v. Goodyear, 9 Wall. 788; Cawood Patent, 94 U. S. 695; Marsh v. Seymour, 97 Id. 348." 104 U. S. at 133-134. (Emphasis added.)

B. The Motion to Amend.

Obviously recognizing the propriety and merit of Plaintiff's Motion to Strike the Jury Trial as the pleadings then stood[1], Defendants sought to salvage their demand for a jury trial by amending the Counterclaim. Since a Reply to the original Counterclaim had been filed, Defendants could not amend as of right, but only by leave of court (Federal Rules of Civil Procedure 15(a)). Accordingly, Defendants moved the trial court for leave to file an Amended Counterclaim which *inter alia* purported to state for the first time a claim for damages at law (see Appendix hereto, pp. 3-4).

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[1]The trial court so found, see Appendix hereto, pages 15-16.

In their argument and showing in support of the Motion For Leave To Amend, Defendants admitted facts showing that *there had been no infringement of the patent by Plaintiff*. Therefore, there was, at most, a threat to infringe. From all this, it became clear that Defendants' proposed amendment was, in effect, sham and solely for the purpose of attempting to obtain a jury trial of a matter not triable as of right to a jury. The trial court clearly inferred as much in its opinion (Appendix hereto, pp. 14-17), and denied leave to amend.

We submit that this decision was correct and involved no error or abuse of discretion. The Court of Appeals agrees.

II.

This Case Does Not Involve the Circumstances or Conflict With the Decision of This Court in the Beacon Theaters Case, or the Decision of the Court of Appeals, Fifth Circuit, in the Thermo-Stitch Case.

Petitioners have cited (here and in the Court of Appeals) and heavily rely on this Court's opinion in *Beacon Theaters, Inc. v. Westover*, 359 U. S. 500 (1959), alleging that the decisions here complained of are in direct conflict with the decision in that case.

The *Beacon Theaters* case deals with the problems that arise when distinct claims at law on the one hand, and of equitable origin on the other, are tried in *separate trials*, one with, and one without a jury. That situation is not involved here.

In spite of Petitioners' persistent efforts here and in the Court of Appeals to distort the facts and pleadings of this case to fit the pattern of the *Beacon Theaters*

case, and thus create a conflict of decisions, two salient distinguishing facts have not been, and cannot be obscured. In the *Beacon Theaters* case:

(1) The controversy giving the federal court declaratory judgment jurisdiction was the threat of an action by defendants, *at law*, for damages, and

(2) All parties and courts conceded that defendant had a Constitutional right, under the Seventh Amendment, to a jury trial of one of the several claims, *i.e.*, *its* claim (asserted by way of counterclaim) for money damages incurred prior to the action.

The problem in *Beacon Theaters* arose from the fact that, in addition to the foregoing claims on behalf of defendant, the plaintiff's claims were, in part at least, of equitable origin.

But, in the case at bar, there is *no claim at law asserted by either party* as to which Petitioners ever had a Constitutional right to a jury. Nor is there, under the facts as conceded by Petitioners, even a potential (*i.e.*, unpleaded) claim cognizable at law.

In the *Beacon Theaters* case, plaintiff was threatened with an action for *money damages* for its past acts and sought to remove the threat by a declaratory judgment action. Thus, the jurisdictional controversy there involved *inter alia* at least one claim clearly cognizable at law.

Here, however, the jurisdictional controversy involves *only* an equitable claim (*i.e.*, Defendants' claim to the

right to enjoin Plaintiff). Such claim is *not* cognizable at law and thus is outside the purview of the Seventh Amendment.

The trial court error which this Court found in the *Beacon Theaters* case was in *deferring* the trial of the claim cognizable at law until after a non-jury trial of claims of equitable origin where some fact issues common to both claims would be decided, and might effect a collateral estoppel as to the subsequent jury trial.

Such a situation cannot arise here. The *only* claims to be adjudicated here are of equitable origin. Thus, there is no occasion to order separate trials of the claims now presented. They can and should all be tried to the court *without* a jury.

This is what the trial court ordered. The Court of Appeals affirmed, in spite of the fact that the *Beacon Theaters* decision was urged, thoroughly briefed and argued by Petitioners as requiring reversal of the trial court's interlocutory orders.

Petitioners also contend here that the decision of the Court of Appeals, Ninth Circuit, in this case, conflicts with that of the Court of Appeals, Fifth Circuit, in *Thermo-Stitch, Inc., v. Chemicord Processing Corp.*, 294 F. 2d 486 (5th Cir. 1961).

The *Thermo-Stitch* case follows the law of the *Beacon Theaters* decision, involved almost identical facts to those of the *Beacon* case, and is thus distinguishable from the case at bar for all of the reasons stated above *re Beacon Theaters.*

III.

The Fact Issues of Patent Validity and Infringement Are Not Ipso Facto Issues Giving Rise to a Constitutional Right to a Jury Trial.

Obviously Petitioners realize that they must try to show, by analogy at least, that some issue between the parties here amounts to a "suit at common law". To do this, Petitioners resort to a sort of circular or regenerative reasoning in which they first observe that patent validity and infringement involve questions of fact which are "*suitable* for trial by jury", from which premise they leap headlong to the conclusion that such questions are "legal" issues (as opposed to equitable ones), and *must* be tried to a jury.

In over four pages of the present Petition (pages 13 through 17), Petitioners present argument and citations in which they first define "jury issues" as those "*suitable* for trial by jury", and then characterize the issues of patent validity and infringement as such "jury issues". Petitioners' argument completely misses the mark. Certainly, it does not require four pages of citations and argument to present the simple proposition that the questions of fact involved in patent cases are "suitable" for trial by jury. No one has ever denied that. But the distinction between questions of fact and questions of law is completely irrelevant to the present Petition. Questions of fact need not *always* be tried to a jury, even though one party may desire and demand it.

The *facts* involved in validity and infringement will be found by the court in a non-jury trial of equity matters, and, as the trial court here observed, are more "suitable" for trial to the court *without a jury* than

with one. This is shown, of course, by the fact that an overwhelming majority of patent infringement cases are tried to the court alone.

In short, Petitioners' apparent argument that because patent cases involve questions of fact, they can compel a jury trial, is completely fallacious. A simple *argumentum ad absurdum* will illustrate the fallacy of Petitioners' reasoning. If, as Petitioners argue, the questions involving patent validity and infringement *must* under the Constitution be tried to a jury because these are questions of fact and a jury was demanded, then it must follow by a parity of logic that *any* case which involves questions of fact must, upon demand, be tried to a jury. If this were the law, all cases whether in law or equity would be triable as of right to a jury and the words "In Suits at common law" would have been written out of the Seventh Amendment.

The unreality of this conclusion requires no further comment.

IV.

There Is No Showing by Petitioners That They Need or Are Entitled to the Extraordinary Remedy of Mandamus.

Assuming, *arguendo*, that the trial court erred in striking the jury demand, Petitioners would have had a clear remedy by way of appeal from a final judgment against them in the trial court. Instead, they sought remedy by way of a writ of mandamus which, in the circumstances of this case, amounted to a premature appeal.

We recognize, of course, that mandamus may be required where trial court error is such an abuse of

judicial power that remedy by appeal may be lost or impaired. This, we believe, was the situation in the *Beacon Theaters* case where the *admitted* right to a jury trial was not denied but merely deferred to follow a court trial. Thus, the defendant in the *Beacon Theaters* case could not say clearly that it had been literally denied a jury trial, and due to estoppels raised in the separate court trial, might never have had a clear basis for appeal. In such circumstances, mandamus functions to protect the appellate jurisdiction of the higher courts, not as a substitute for appeal.

28 U. S. C. § 1651(a);

Roche v. Evaporated Milk Assn., 319 U. S. 21, 25-26 (1943).

If Petitioners here have been improperly denied a jury trial, their remedy by appeal has not been impaired and there is no occasion for mandamus. Thus, the Court of Appeals would have been correct in denying the writ even if it had thought the trial court to be in error on the law.

Roche v. Evaporated Milk Assn., 319 U. S. 21, 25-26 (1943).

V.

The Question Presented Here Is Not Appropriate for Review by Writ of Certiorari.

The vacillatory positions taken by Defendants at various stages of this litigation to date make it virtually impossible at this point to isolate any broad or fundamental principles that can or should be enunciated by this Court and that would be helpful in any other case.

To cite one example of Petitioners' self-contradictory position, it is noted that in arguing in support of the

proposed Amended Counterclaim, Petitioners represented to the Court that "Plaintiff is not infringing and has not since the patent issued", and that "there has been no infringement since the patent issued" (Petitioners' Appendix before the Court of Appeals, p. 42). But, at that very moment, in complete contradiction of the foregoing representations, Petitioners, were urging the trial court to permit them to file an Amended Counterclaim which would, for the first time, claim $5,000 damages for patent infringement (Appendix hereto, pp. 3-4)—infringement which by Petitioners' own admissions *never took place!*

The above contradiction will no doubt be resolved or rendered moot by a trial of this action. But until that happens, an enunciation of principles by this Court will require either that this Court resolve questions of fact or decide the case on hypothetical facts. It is well established that this Court does not exercise certiorari jurisdiction for either of those purposes.

Conclusions.

1. The facts shown in support of the present Petition indicate that at no time has either party presented a claim corresponding or even analogous to "Suits at common law" as declared in the Seventh Amendment. Therefore, the trial court was correct in ordering that the jury demand be stricken.

2. Even assuming, *arguendo*, that error was made by the trial court, appeal, not mandamus, would be the

proper remedy. This case is not ripe for consideration by the Court under certiorari review.

3. Due to the complex, narrow and confused nature of the facts in this case, no useful purpose would be served by review by this Court at this stage.

Respectfully submitted,

ROBERT W. FULWIDER,
Counsel for Respondent.

Of Counsel:

FULWIDER, MATTINGLY & HUNTLEY,
WILLIAM K. RIEBER,
FREDERICK E. MUELLER,
Los Angeles, California.

APPENDIX.

A. Counterclaim for Patent Infringement.

[Title of District Court and Cause, Preamble, and Answer omitted—see Appendix to Petition, p. 12.]

COUNTERCLAIM

As their counterclaim the defendants allege as follows:

I (Jurisdiction)

This action arises under the Patent Laws of the United States, and the acts of infringement complained of have been and are being carried on and committed by the plaintif-counterdefendant in the Southern District of California, Central Division, and elsewhere in the United States. Jurisdiction is based upon Title 28 U. S. C. 1338, and additionally is pendant.

II (Parties)

Plaintiff-counterdefendant is a California corporation having its principal place of business in the Southern District of California, Central Division; and both defendants-counterclaimants are residents within the Southern District of California, Central Division.

III (Title to Patent)

On November 22, 1960, the patent in suit issued to defendant John M. Shubin, as inventor, with fifty per cent interest assigned to defendant Peter S. Shubin.

IV

Plaintiff-counterdefendant during the past six years, within the Southern District of California, Central Division, and elsewhere in the United States, has willfully and knowingly infringed and threatens to continue to infringe said United States Letters Patent 2,961,105 unless enjoined from so doing.

V

Plaintiff-counterdefendant, by the acts herein complained of, has damaged defendants-counterclaimants and said acts will bring profit to plaintiff-counterdefendant and irreparable injury to defendants-counterclaimants unless said infringement is enjoined.

Wherefore, defendants and counterclaimants pray as follows:

[Prayer as to Complaint omitted—see Appendix to Petition, p. 12.]

As to the Counterclaim for Patent Infringement

1. For a judgment holding said patent 2,961,105 to be valid and infringed.

2. For a preliminary and permanent injunction against further infringement and threatened infringement by counterdefendant.

3. For an accounting for profits and damages because of counterdefendant's infringement of said patent.

4. For treble damages for all infringement occurring after notice of infringement.

5. For their costs and reasonable attorney's fees.

6. For such other and further relief as to this Court shall seem just and proper.

Dated this 20th day of February, 1961.

Wm. Douglas Sellers, /s/
W. D. Sellers,
Attorney for Defendants
and Counterclaimants
16 North Marengo Avenue
Pasadena, California

B. Proposed Amended Counterclaim for Patent Infringement.

[Title of District Court and Cause, Preamble, and Answer omitted—see Appendix to Petition, p. 13.]

COUNTERCLAIM

As their counterclaim the defendants allege as follows:

I (Jurisdiction)

This action arises under the Patent Laws of the United States, and the acts of infringement complained of have been and are being carried on and committed by the plaintiff-counterdefendant in the Southern District of California, Central Division, and elsewhere in the United States. Jurisdiction is based upon Title 28 U. S. C. 1338, and additionally is pendant.

II (Parties)

Plaintiff-counterdefendant is a California corporation having its principal place of business in the Southern District of California, Central Division; and both defendants-counterclaimant are residents within the Southern District of California, Central Division.

III (Title to Patent)

On November 22, 1960, the patent in suit issued to defendant John M. Shubin, as inventor, with fifty per cent interest assigned to defendant Peter S. Shubin.

IV

Plaintiff-counterdefendant during the past six years, within the Southern District of California, Central Division, and elsewhere in the United States, has made constructions the use of which infringe and now threatens to infringe said United States Letters Patent 2,961,105.

V

Plaintiff-counterdefendant, by the acts herein complained of, has damaged defendants-counterclaimants in the amount of $5,000.00.

WHEREFORE, defendants and counterclaimants pray as follows:

[Prayer as to Complaint omitted—see Appendix to Petition, p. 13.]

AS TO THE COUNTERCLAIM FOR PATENT INFRINGEMENT

1. For a judgment holding said patent 2,961,105 to be valid and infringed.

2. For damages in the amount of $5,000.00.

3. For treble damages for all infringement occurring after notice of infringement.

4. For their costs and reasonable attorney's fees.

5. For such other and further relief as to this Court shall seem just and proper.

Dated this 6th day of September, 1961.

Wm. Douglas Sellers, /s/
W. D. Sellers,
Attorney for Defendants and Counterclaimants
16 North Marengo Avenue
Pasadena, California.

C. Transcript of Proceedings in the District Court.

[Title of District Court and Cause.]

Los Angeles, California, September 18, 1961, 9:45 o'clock A.M.

(Other court matters.)

The Clerk: No. 136-61 WB Civil, S. Vincen Bowles, Inc., vs. John M. Shubin, et al., for hearing (1) motion of plaintiff to strike defendants' demand for jury trial or for trial of separate issues, (2) motion of defendants for leave to file amended counterclaim.

Mr. Rieber: Ready for plaintiff.

Mr. Sellers: Ready for the defendants.

I would suggest, your Honor, it might be well to hear the motion to amend the counterclaim first, in view of the fact that plaintiff's motion would depend upon the decision there.

The Court: I think we will hear them both. As a matter of fact, as I understand it, the motion to amend the counterclaim sprung from the other motion.

Mr. Sellers: Your Honor—

The Court: It was made by reason of the fact that the original motion to strike the demand for a jury trial was made.

Mr. Sellers: That is true to the extent that it followed. Attention was called to the need by the fact of the motion. But the depositions had developed the facts upon which the proposed amendment is based.

The Court: At any rate, you can argue them both. They dovetail in together.

The Clerk: For the record, may we have the names of counsel?

Mr. Rieber: William Rieber for the plaintiff.

Mr. Sellers: W. D. Sellers for the defendant.

Mr. Rieber: Your Honor, I would like very briefly to recap the facts of this case so that you can get the setting fresh in your mind. The Shubin patent, which is the patent in suit, issued last November, on November 22, 1960, and a few days later Bowles—that is, Bowles Manufacturing, the plaintiff in this action, received a letter from counsel for Shubin charging infringement and demanded that Bowles cease and desist from making, using and selling the devices.

The parties were unable to resolve that controversy, and Bowles then brought this action seeking an adjudication of non-infringement and that the patent was invalid. The Complaint was filed on February 8th of this year. The defendants filed their Answer about February 20th, and the counterclaim, which sought only equitable relief. That is, only an injunction and an accounting, and damages incidental to the accounting.

The defendants demanded a jury trial at that stage. This demand was endorsed on the Answer and counterclaim.

The plaintiff replied to the counterclaim on March 7th, and thus the issues were joined as they then existed on that date.

After all the discovery was completed and the case was ready for pretrial, and after an unsuccessful effort on the part of the plaintiff for a summary judgment, we brought this motion to strike the jury trial, and our grounds are that only equitable issues are presented in this case, and it is well established, and we cited numerous authorities to the effect, that neither party is entitled to a jury trial where the issues are

equitable, that is, issues which a party would not have been entitled to have a jury on at the time of the constitution.

Apparently from their motion to amend, the defendants concede the force of our motion and concede that the motion should be granted as the issues stand on the original Answer and counterclaim and the reply thereto. Not only did they fail to contest the motion very vigorously, as far as any authorities are concerned, but they sought this amendment seeking, apparently, to add legal issues to the equitable issues and thus convert this case from a case sounding in equity to one sounding in law, and thus salvage their demand for a jury trial.

Thus at this stage there are two issues presented. One is, are the defendants entitled to amend their counterclaim at this late date; and, secondly, if they are, is that going to help them any? In other words, does that convert this case from a case that should be tried to the court to one that should be tried to a jury?

We say that the answer to both of those questions is "No."

First, as to the right to amend. We feel since the court has broad discretion to grant or deny a motion to amend the pleadings, and since the pleadings, as will be stated in a moment, are less effective and less clear in the proposed amended form than they were as originally filed, we feel that this motion should be denied, the motion to amend, and we feel, further, that to amend the pleadings at this late date when the case is ready for pretrial, the discovery has been completed on both sides, merely to put this case in condition for we believe the unwarranted and extremely expensive and

time-consuming maneuver of a jury trial, would be very much against the interests of justice, and therefore the amendment should not be allowed.

As to the defects in the amended pleading, it is necessary to note that in support of their motion to amend the pleadings, the defendants have argued that they have now discovered that there has been no infringement since the patent issued.

Of course, that means there has been no infringement, because you can't infringe a patent until it issues.

Now, if that is the case, then actually there is no possible way that they can state a claim for damages for infringement, because it would appear to be axiomatic that before you can collect damages for infringement you have to have some infringement. And when you read paragraph 4 of the proposed counterclaim you find a very strange attempted circumlocution. They try to eliminate the equitable claim and still state a claim. And I say they haven't succeeded. Instead of coming out man to man and saying that the plaintiff has infringed the patent, they use this language:

> "Plaintiff-counterdefendant during the past six years"—we must remember that the patent issued less than a year ago—"within the last six years in the Southern District of California, Central Division, and elsewhere in the United States, has made constructions the use of which infringe and now threatens to infringe said United States letters patent," and so-and-so, the patent in suit.

This doesn't charge the plaintiff with infringement. All it does is to say that some time within the last six years plaintiff has made some constructions the use of which infringe the patent.

That's what they charge.

Well, it isn't stated that that use is by the plaintiff. It doesn't state that the plaintiff made those since the patent issued. And it doesn't state that the plaintiff has sold them since the patent issued. And, thus, it doesn't positively state infringement.

Now, in the liberal pleading in the federal court, that might get by if they hadn't made a much clearer and much plainer statement of infringement in their original counterclaim. In that case they merely said plaintiff has infringed the defendants' patent.

I think they should either say that or have no counterclaim at all.

Certainly, if they have eliminated the grounds for an injunction and an accounting, they have eliminated any claim upon which they can be awarded damages.

For that reason, I think since the amended counterclaim would be subject to a motion to strike or a motion for a judgment on the pleadings, or a similar judgment, that it is a useless act for the court to permit the amendment adding such a defective pleading.

The only thing that this amended pleading charges, if it charges anything, is that there is a threat of infringement.

Of course, the only remedy for that is an injunction. And they don't want to ask for an injunction, because then they are out of the jury trial department.

So I think, your Honor, the matter can be very easily resolved by merely denying the motion to amend the pleadings and granting the motion to strike the jury trial.

Mr. Sellers: May it please the court, the original complaint was for declaratory relief, your Honor, and

raised only jury questions, validity and infringement. And in our Answer we denied both of those and asked for a jury trial. Primarily to prevent the dismissal of the action we filed a counterclaim, which alleged infringement, which sought both an injunction and an accounting. In the taking of the depositions it was learned that the plaintiff was not infringing, had discontinued infringing, in the sense of making; was not making any more devices and wasn't selling them. That left any need for an accounting completely gone. We didn't need to account. There was nothing to account for, since the patent issued he had discontinued infringing, and therefore we did not need an injunction. That meant that the only issues present, really, were those raised initially by the original complaint and the answer, and as to all of those issues there was a demand for a jury filed at the time the Answer was filed.

When, according to the law, you make a demand for a jury trial and you don't specify what you wish to have tried by the jury and those by the court, those which are proper for the jury are tried by the jury, and those which are proper for the court are tried by the court.

I of course don't need to tell the court that.

In this case when we found as was suggested by the motion—and we should have noticed it ourselves—we really had a situation where we were asking for relief for which there was no possible use, the accounting and injunction, we thereupon moved to file an amended pleading. And there is plenty of law to the effect that we have the right to file the amended pleading at your Honor's discretion, and striking equitable issues, which we have done here. All those issues which were

or should have been tried by the court have been stricken in the amended pleading. We ask now only for the very same issues which were present in the original Complaint and the Answer, as to which there has at all times been a request for a jury filed with the 10-day period permitted by the law.

I know there is a general feeling that jury trials for patent infringement is not the best way to handle it, and that has been recognized by the courts. Judge Frank, for example, hit upon that in one of his cases when he said, "It is of no moment if we believe that trial by jury in a patent case is usually undesirable, since it is well settled that such a trial may be demanded where the sole claim is for money, if the demand be timely, as we hold it was here."

In this case the demand was timely. There has at all times been a demand for a jury trial by the issues raised by the Complaint and the Answer. All we have done now or propose to do is to cancel and strike a new counterclaim, which eliminates all issues which are not clearly jury issues. The plaintiff in this action referred to the case of Pneumatic Tools—Chicago Pneumatic Tools vs. Hughes. They said that case is almost in point.

It is a long way from being in point, in my opinion. In that case a counterclaim was filed as to one patent after it expired, and the jury trial was asked for in respect to that one patent. There were four others also set forth in the counterclaim, and had the court gone along and given the requested jury trial with respect to that one patent, they would have had the situation where five patents were before the court, four of them for the court and one for the jury, and the court in

that case viewed it as an undesirable situation and did not grant the jury trial except as to damages.

A case in point was Pellant vs. Sinatra, a 1945 case in the United States District Court, Southern District of New York, 8 Federal Rules Service 15a.11:

> "A plaintiff has a right to amend his pleadings so as to eliminate demands for equitable relief and state a cause of action triable by jury, even though the court has previously held that he has no right to jury trial because of the fact that the complaint is primarily one for equitable relief. Where plaintiff had so amended his complaint as of course against certain defendants, although he could not amend as of course against others, the court allowed him to amend as against all defendants, and stated that it would entertain a motion for an order for jury trial under Rule 39b, since it would be preferable to have the entire case tried to a jury rather than have part of it tried to a jury and the rest by the court."

That was not the decision; that was the headnote. I am sorry.

In that case it permitted the amendment of the pleading and gave a jury trial.

In the case referred to by my opponent, the Chicago Pneumatic Tool case, there were two cases, and directly in point almost, which he failed to refer to. That case was tried in two different circuits, in the Second and in the First. And in that case, the Second Circuit case, the plaintiff had demanded a jury trial which was timely, because it was filed within 10 days after the amendment to the pleading which abandoned all claims for equitable relief and asked for damages only.

and though more than 10 days had elapsed from the service of the last pleading directed to issues as made by the original complaint and the amended answer. In other words, in that case there was not even a demand for a jury in the initial pleadings or within 10 days from the issue, yet in that case a jury trial was granted.

That was the case by Judge Frank.

The same thing in the Sixth Circuit.

Here, your Honor, we believe that we are entitled to a jury trial, and one has been demanded within the time period provided by the rules. We have by our proposed amendment to our counterclaim only eliminated the request for unnecessary and undesirable relief, which we can't use if your Honor ruled it. There has been no making or selling since the patent issued.

My worthy opponent is wrong on the matter of infringement. The patent covers the right to make, use and sell. He has forgotten "use." As to whether or not the plaintiff here has used, that is a matter for proof.

The mere fact that it is not clean or clear on the pleading as to who used it, that is no defense and that is no reason for a motion to strike. He can obtain that information by interrogatories or discovery.

I believe we are entitled to amend our pleading. I believe when so amended we have a clear right to a trial by jury, and I request that your Honor so rule.

Thank you.

Mr. Rieber: May I cover just a couple of points?

The Court: Yes.

Mr. Rieber: I think most important is the error in the statement that validity and infringement are ipso facto jury issues.

If this were the case, your Honor, every defendant in a patent case would be entitled to a jury trial no matter what the plaintiff asked for.

If he asked for an injunction, the defendant could say, "Well, validity and infringement are jury issues, and therefore I want a jury trial as to those."

We know that is not the case. It is the relief that is sought and not the issues. It is the basic claim for relief that determines whether a case is equitable or one on the law side of the court.

Secondly, in the Pellant case I would like to point out that the amendment to the pleadings in that case was made as of right, because all of the opposing parties had not answered, and therefore the plaintiff had a right to amend its pleading. It did not have to seek leave of court, as in this case.

Finally, I would like to point out that I agree that use has been mentioned in the proposed counterclaim, use of the patented device. But I think that in all of the circumstances of this case, if we are charged with use of it as the basis for the damages, then that statement should be made clearly; and since it is not, I think the court can exercise its discretion to deny the motion to amend. And having done that, it follows, I think, as a matter of course, that the motion to strike the jury demand should be granted.

The Court: Well, of course Mr. Sellers has stated a jury trial—he admits a jury trial in a patent case is ordinarily undesirable, and that the courts all look upon it as undesirable. And why? Because, of course, a jury trial in a patent case—and seldom is there ever a jury trial asked for in a patent case, because counsel on both sides, thinking of the interests of the litigants, of their clients, realize the great expense involved by

having the matter tried by a jury. And in addition to that, the confusion. It just naturally is not a matter to be tried by 12 persons.

But technically, if you have a right to a jury trial, then it should be granted.

I recall not long ago I was at lunch with half a dozen judges in this court and something came up about jury trials, and they all spoke up. Not one of them—some of them had been on this court for years—had ever tried a patent case to a jury. Because of course the parties didn't want it. And of course all were in agreement that ordinarily when a jury trial is demanded in a patent case, the purpose of course is for obstruction, to obstruct the progress, the preparation of the case for trial, and keep the case from ever getting to trial.

As indicated a few moments ago, as Judge Frank said, while it is undesirable, technically if you are entitled to it, it should be granted.

Of course, if a judge is in a position where he is exercising his discretion, the background of it should be taken into consideration, the question as to whether or not it is desirable or it isn't desirable to have a jury trial in a patent case.

In this case, of course, the defendant goes so far to get this jury trial angle into the case that after they file their counterclaim, which was a natural counterclaim, just the type of counterclaim you would expect to find in an action filed for declaratory relief, it is just exactly the type of counterclaim to be expected, but when the motion was made to strike and it became obvious that it was proper, a proper motion, and the motion to strike should be granted, then of course the

defendant seeks to amend his counterclaim to avoid the motion to strike. That is why I said a few moments ago we will hear them together. It sprung from that.

If there would have been no motion to strike, there would never have been a motion to amend the counterclaim. I am sure that you will not deny that, Mr. Sellers. If there had been no motion to strike, there wouldn't have been a motion to amend the counterclaim, because the counterclaim itself was just a natural thing. Any patent lawyer in the community here who would be filing a counterclaim would be filing just exactly what you filed.

This is aside entirely—just taking the pleadings—aside entirely from what Mr. Rieber said, that you had written them a letter telling them that they were infringing. Of course, even without telling me that, I would have, perhaps, guessed that, have known that, because that, too, is a natural thing in a patent case, that is the first thing that is done. The client thinks his client is being infringed, so you write a letter and notify them. And that, of course, is the only thing that brings an action for declaratory judgment. Instead of waiting for you to file an action for infringement, they file an action for declaratory judgment, and then you do the thing you would have done if you would have filed an action for infringement originally; you want the question of the validity of the patent adjudicated, you want to stop their infringement and you want to enjoin them. And that's what you did. You suddenly found that he was making a motion to strike the demand for a jury trial, and then to get away from it you seek to amend the counterclaim so that the counterclaim now that you seek to file, in place of the one now on file which means something, the one now on

file which seeks relief for infringement and injunction, if you are right and they have been infringing, if you were right when you first wrote to them and told them they were infringing, then if your patent is valid and they are infringing, you have a right to recover for the infringement and you have a right to injunctive relief.

But this isn't apparently the prime thing that the defendant is seeking. He would rather drop that and ask for a jury trial for whatever that might do to the case. Whatever Judge Frank had in mind and all the other judges and the courts and attorneys themselves have in mind when a jury trial is requested in a patent case.

The motion to strike the demand for a jury trial is granted, and the motion for leave to file an amended counterclaim will be denied.

Mr. Sellers: Thank you, your Honor.

Mr. Rieber: Your Honor, I will prepare an order. Shall I?

The Court: Yes.

Mr. Rieber: Thank you.

[Reporter's Certificate.]